

Message Text

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ACTION ARA-10

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TAGS: EFIN, MX
SUBJ: JLP CONTINUES EXHORTATION ON ECONOMIC TOPICS AND ORTIZ
MENA DELIVERS A DLECTURE

REF: MEXICO 2676

1. REF CABLE MADE SUMMARY MENTION OF PRESIDENT LOPEZ PORTILLO'S EXHORTATIONS TO VARIOUS ECONOMIC SECTORS TO HELP HOLD THE LINE; THIS CABLE PROVIDES FURTHER DETAILS OF PRESIDENT'S EFFORTS. RECENTLY, PRESIDENT LOPEZ PORTILLO HAS MISSED FEW OPPORTUNITIES TO KEEP BEFORE THE MEXICAN PUBLIC THE SERIOUSNESS OF MEXICO'S ECONOMIC SITUATION, TO EXHORT OR PRAISE VARIOUS SECTORS, AND TO BRING UP WHAT THE GOVERNMENT WAS DOING ABOUT THE SITUATION. BEFORE A MEETING OF CONCANACO (CONFEDERATION OF NATIONAL CHAMBERS OF COMMERCE) AT PUEBLA RECENTLY HE EXHORTED HIS AUDIENCE TO BE MORE EFFICIENT, PRODUCTIVE, AND JUST TO SEIZE THE OPPORTUNITY TO SERVE THE NATION "TO PASS THE CRES OF THE WAVE." HE CALLED ON THE PRIVATE SECTOR TO SUPPORT HIS PROGRAM OF 90 LOW COST CONSUMER PRODUCTS WHICH, OF THE THOUSANDS OF MEXICAN PRODUCTS, WERE FUNDAMENTAL FOR THE POOR. HE JUSTIFIED THE PROGRAM AS A MEXICAN WAY AND AN EMERGENCY MEASURE TO GAIN CONTROL OF THE CRISIS AND COME OUT OF IT. BEEFORE ANOTHER
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BUSINESSMEN'S MEETING (CANACINTRA -- OR NATIONAL CHAMBERS OF TRANSFORMATION INDUSTRIES) JLP REMINDED THEM THAT THE OLD ECONOMIC STRUCTURE WAS DEAD, "THE LAST TIE WITH IT WAS BROKEN AUGUST 31, 1976". HE ASKED THEM TO TAKE A CLEAR VIEW OF REALITY, UNDERSTAND THAT GREAT TASKS INVOLVED RISKS, AND CONTRIBUTE PATRIOTICALLY TO THE TASK OF RESTRUCTURING THE ECONOMY ON A SOLID BASE. THE

DAY OF QUICK HIGH PROFITS WAS OVER, AND THE PRIVILEGES
OF A SYSTEM OF ARTIFICIAL STABILITY WAS ENDED.

2. ORGANIZED LABOR HAS PROVIDED JLP WITH TWO EXCELLENT
FORUMS TO PUSH HIS "ALLIANCE FOR PRODUCTION" DURING THE
PAST TWO WEEKS. HE PUBLICLY EXPRESSED HIS APPRECIATION
TO TOP LEADERS OF THE MEXICAN WORKER'S CONFEDERATION (CTM)
FOR THEIR ROLE IN MODERATING WAGE DEMANDS ON FEBRUARY 24.
ON THIS OCCASION, THE CTM'S LABOR KINGPIN FIDEL VELASQUEZ
RENEWED HIS CONFEDERATION'S PLEDGE FOR CONTINUED COOPERATION
BUT ALSO WARNED THAT ANY FUTURE SHARP INCREASE IN PRICES
COULD NOT BE IGNORED BY LABOR.

3. JLP REPEATED THIS PERFORMANCE AT THE CONGRESS OF
REVOLUTIONARY WORKER'S CONFEDERATION (COR) AT THE END OF
FEBRUARY WHERE THE CONFEDERATION'S BACKDROP HAILED THE
"ALLIANCE" IN LARGE LETTERS. COR GENERAL SECRETARY ANGEL
OLIVO SOLIS' ADDRESS REGISTERED MUCH LESS ENTHUSIASM FOR
THE "ALLIANCE" EFFORT THAN THAT OF VELASQUEZ. HE OFFERED
STRONG CRITICISM FOR THE COMMERCIAL SECTOR "WHICH PRODUCES
NOTHING, BUT EXTRACTS 31 PERCENT OF THE NATION'S WEALTH".
HE EXPRESSED HOPE THAT THIS GROUP WOULD HOLD PRICES DOWN
BUT INDICATED THERE WAS MEAGER BASIS FOR THIS HOPE IF
PAST PERFORMANCES WERE THE GUIDE.

4. WITH FEW EXCEPTIONS, ORGANIZED LABOR HAS HONORED
THEIR PROMISE TO SETTLE FOR NO MORE THAN 10 PERCENT
WAGE INCREASES.

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5. IN AN UNUSUALLY OUTSPOKEN SPEECH, ORTIZ MENA,
PRESIDENT OF THE IDB AND FORMERLY FINANCE MINISTER,
RECOMMENDED THAT LATIN AMERICAN COUNTRIES TURN OVER
SOME OF THEIR STATE OPERATED ENTERPRISES TO THE PRIVATE
SECTOR IN ORDER TO AVOID SMOTHERING THEM IN BUREAUCRACY
AND TO OBTAIN GREATER EFFICIENCY. HE ALSO SUGGESTED
THAT THE PRIVATE SECTOR COULD HANDLE SOME PUBLIC SERVICE
ACTIVITIES BY MEANS OF SERVICE CONTRACTS, ETC. UNDER
ECHEVERRIA, ORTIZ MENA WOULD NEVER HAVE DARED MAKE
ANY PUBLIC COMMENT WHICH WAS CRITICAL OF DOMESTIC
ECONOMIC POLICIES, ESPECIALLY CONCERNING THE ALMOST
SACROSANCT PUBLIC SECTOR. THE IDEA OF TURNING SOME
PUBLIC ENTERPRISES OVER TO PRIVATE MANAGEMENT WAS
FLOATED BY BUSINESS SOURCES SOON AFTER JLP BECAME
PRESIDENT. HOWEVER DE OTEYZA, THE SECRETARY OF NATIONAL
PATRIMONY, KILLED FURTHER SPECULATION WHEN HE ANNOUNCED
THAT THE GOVERNMENT DID NOT PLAN TO DIVEST ITSELF OF
COMMERCIAL ENTERPRISES BUT RATHER INTENDED THAT THEY
WOULD BE PROFITABLY RUN. HIS UNDERSECRETARY FOR PRIVATE

INDUSTRY, NATAN WARMAN, HAS, IN CONVERSATION WITH EMBASSY
OFFICERS, HEDGED THAT A BIT FURTHER BY SAYING THAT HOPE-
FULLY PUBLIC ENTERPRISES COULD BE RUN PROFITABLY BUT,
IF NOT, THEN AT LEAST THE PUBLIC SUBSIDY REQUIRED WOULD
BE OPENLY ACKNOWLEDGED.
THOMPSON

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